

MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

IV.8 Guidelines on Enrolment and Contribution Arrangements for Relevant Employees Other Than Casual Employees

INTRODUCTION

Sections 7, 7A and 7B of the Mandatory Provident Fund Schemes Ordinance (“the Ordinance”) provide for the enrolment of relevant employees in registered schemes and the making of mandatory contributions.

2. Section 47A of the Ordinance empowers the Mandatory Provident Fund Schemes Authority (“the Authority”) to specify or approve the form and contents of documents required for the purposes of the Ordinance.

3. The minimum and maximum relevant income levels are specified in Schedule 2 and Schedule 3 to the Ordinance respectively. The amendment history of these two levels is set out below:

- The Provident Fund Schemes Legislation (Amendment) Ordinance 1998 (Ordinance No. 4 of 1998) stipulated the minimum and maximum relevant income levels with effect from 1 December 2000;
- The Mandatory Provident Fund Schemes (Amendment) (No. 2) Ordinance 2002 (Ordinance No. 29 of 2002) amended the minimum relevant income level with effect from 1 February 2003;
- The Mandatory Provident Fund Schemes Ordinance (Amendment of Schedule 2) Notice 2011 (L.N. 119 & 120 of 2011) amended the minimum relevant income level with effect from 1 November 2011; and

- The Mandatory Provident Fund Schemes Ordinance (Amendment of Schedule 3) Notice 2011 (L.N. 167 & 168 of 2011) amending the maximum relevant income level was approved by the Legislative Council on 23 November 2011 and becomes effective on 1 June 2012.

4. Section 6H of the Ordinance provides that the Authority may issue guidelines for the guidance of approved trustees, service providers, participating employers and their employees, self-employed persons and other persons concerned with the Ordinance.

5. The Authority hereby issues guidelines setting out the enrolment and contribution arrangements in relation to relevant employees other than casual employees (“Non-casual Employees”) who participate in registered schemes, and specifying an employer’s signature requirement of the enrolment form to be used by participating employers.

ENROLMENT AND CONTRIBUTION ARRANGEMENTS

6. The enrolment and contribution arrangements for Non-casual Employees are specified below.

7. An employer has to enrol each employee into a registered scheme within the first 60 days of his employment. If an employee remains in the same employment for not less than 60 days,

- (a) for the contribution period with the last day of the contribution period falling before 1 February 2003, the contribution day means the tenth day after the last day of:
 - (i) the relevant contribution period; or

- (ii) the contribution period in which the 60-day permitted period ends,

whichever is the later.

If the contribution day is a public holiday, a gale warning day or a black rainstorm warning day, then it means the next following day which is not a public holiday, a gale warning day or a black rainstorm warning day.

- (b) for the contribution period with the last day of the contribution period falling on or after 1 February 2003, the contribution day means the tenth day after the last day of:

- (i) a calendar month within which the relevant contribution period ends; or

- (ii) the month during which the 60-day permitted period ends, whichever is the later.

For a contribution day which falls before 1 December 2008, if the contribution day is a public holiday, a gale warning day or a black rainstorm warning day, then it means the next following day which is not a public holiday, a gale warning day or a black rainstorm warning day.

For a contribution day which falls on or after 1 December 2008, if the contribution day is a Saturday, a public holiday, a gale warning day or a black rainstorm warning day, then it means the next following day which is not a Saturday, a public holiday, a gale warning day or a black rainstorm warning day.

8. An employer may enrol an employee before the end of the 60-day period. Mandatory contributions may also be made before the end of the 60-day period provided that the amounts have been ascertained. In the event that the

employee ceases employment before the end of the 60-day period, both the employer and the employee would be exempted from making mandatory contributions.

MINIMUM AND MAXIMUM RELEVANT INCOME LEVELS

9. The amendment history pertaining to the minimum and maximum relevant income levels in respect of Non-casual Employees is summarized as follows:

Ordinance No./L.N.	Remuneration Frequency	Minimum Level of Relevant Income	Maximum Level of Relevant Income
Ord. No. 4 of 1998	More frequently than on a monthly basis	\$4,000 per month, that amount as prorated	\$20,000 per month, that amount as prorated (Effective for the contribution periods commencing before 1 February 2003)
	Monthly	\$4,000 per month	\$20,000 per month (Effective for the contribution periods commencing before 1 June 2012)
	Less frequently than on a monthly basis	\$4,000 per month, that amount as prorated	\$20,000 per month, that amount as prorated (Effective for the contribution periods commencing before 1 June 2012)
	Effective for contribution periods commencing	Before 1 February 2003	Please refer to the above

Ordinance No./L.N.	Remuneration Frequency	Minimum Level of Relevant Income	Maximum Level of Relevant Income
Ord. No. 29 of 2002	More frequently than on a monthly basis	\$160 per day	\$650 per day [^]
	Monthly	\$5,000 per month	Not applicable [^]
	Less frequently than on a monthly basis	\$5,000 per month, that amount as prorated	
	Effective for contribution periods commencing	Between 1 February 2003 and 31 October 2011 inclusive	Between 1 February 2003 and 31 May 2012 inclusive
L.N. 119 & 120 of 2011	More frequently than on a monthly basis	\$250 per day	Not applicable [*]
	Monthly	\$6,500 per month	
	Less frequently than on a monthly basis	\$6,500 per month, that amount as prorated	
	Effective for contribution periods commencing	On or after 1 November 2011	
L.N. 167 & 168 of 2011	More frequently than on a monthly basis	Not applicable [#]	\$830 per day
	Monthly		\$25,000 per month
	Less frequently than on a monthly basis		\$25,000 per month, that amount as prorated
	Effective for contribution periods commencing		On or after 1 June 2012

[^] The minimum relevant income level was amended (see paragraph 3 above). For the maximum relevant income level, in respect of the remuneration frequency of “More frequently than on a monthly basis”, the level of “\$20,000 per month, that amount as prorated” was replaced by a daily rate of “\$650 per day”. No changes were made to the maximum relevant income level in respect of the other two remuneration frequencies of

“Monthly” and “Less frequently than on a monthly basis”.

* Only the minimum relevant income level was amended (see paragraph 3 above).

Only the maximum relevant income level was amended (see paragraph 3 above).

The prorating arrangement of the minimum and maximum relevant income levels as set out in the circular letters issued on 5 July 2000 and 29 July 2000 would apply to all contribution periods commencing before 1 February 2003. An example on the enrolment and contribution arrangements in respect of a Non-casual Employee employed before 1 February 2003 is shown in Annex A. Examples on the enrolment and contribution arrangements in respect of a Non-casual Employee employed on or after 1 February 2003 are shown in Annex B.

Employer’s Signature Requirement for Submission of Enrolment Form on Behalf of Non-Casual Employee to the Trustee

10. In enrolling a Non-casual Employee, an employer is required to confirm the accuracy and completeness of the enrolment information by signing in such area(s) as designated in the enrolment form or by submitting the enrolment form in such manner as the approved trustee may reasonably require. If an employer is not an individual, the enrolment form has to be signed by a duly authorized signatory.

11. An enrolment form is not properly completed for the purpose of section 47A of the Ordinance if it is not completed in accordance with paragraph 10. In the circumstances, trustees may refuse to process the application for enrolment of the concerned Non-casual Employee(s).

VOLUNTARY CONTRIBUTIONS

12. For the avoidance of doubt, subject to the governing rules of the scheme concerned, an employer may make voluntary contributions for and on behalf of a relevant employee during the 60-day permitted period.

DEFINITION OF TERMS

13. Where a term used in the Guidelines is defined in the Ordinance or the subsidiary legislation then, except where specified in the Guidelines, that term carries the meaning as defined in the Ordinance or the subsidiary legislation.

**Illustration: The Enrolment and Contribution Arrangements
for a Non-casual Employee Employed Before 1 February 2003**

Monthly Payroll which runs from the first day to the last day of the month

Date of employment	:	16 January 2003
30 th day of employment	:	14 February 2003
60 th day of employment	:	16 March 2003
Date of commencement of employer contribution	:	16 January 2003
Date of commencement of employee contribution	:	15 February 2003
Deadline for remittance of first employer/employee contribution	:	10 April 2003
Contribution periods covered by the first payment of employer's mandatory contribution	:	<p>1) 16 January 2003 – 31 January 2003 (with maximum relevant income level of \$20,000)</p> <p>AND</p> <p>2) 1 February 2003 – 28 February 2003 (with maximum relevant income level of \$20,000)</p> <p>AND</p> <p>3) 1 March 2003 – 31 March 2003 (with maximum relevant income level of \$20,000)</p>
Contribution periods covered by the first payment of employee's mandatory contribution	:	<p>1) 15 February 2003 – 28 February 2003 (with minimum and maximum relevant income levels of \$2,240 (being \$160 x 14) and \$9,100 (being \$650 x 14) respectively)</p> <p>AND</p> <p>2) 1 March 2003 – 31 March 2003 (with minimum and maximum relevant income levels of \$5,000 and \$20,000 respectively)</p>

**Illustrations: The Enrolment and Contribution Arrangements
for a Non-casual Employee Employed On or After 1 February 2003**

I. Monthly Payroll which runs from the first day to the last day of the month

Example 1

Date of employment	:	15 October 2011
30 th day of employment	:	13 November 2011
60 th day of employment	:	13 December 2011
Date of commencement of employer contribution	:	15 October 2011
Date of commencement of employee contribution	:	1 December 2011
Deadline for remittance of first employer/employee contribution	:	10 January 2012
Contribution periods covered by the first payment of employer's mandatory contribution	:	1) 15 October 2011 – 31 October 2011 (with maximum relevant income level of \$20,000) AND 2) 1 November 2011 – 30 November 2011 (with maximum relevant income level of \$20,000) AND 3) 1 December 2011 – 31 December 2011 (with maximum relevant income level of \$20,000)
Contribution period covered by the first payment of employee's mandatory contribution	:	1 December 2011 – 31 December 2011 (with minimum and maximum relevant income levels of \$6,500 and \$20,000 respectively)

**Illustrations: The Enrolment and Contribution Arrangements
for a Non-casual Employee Employed On or After 1 February 2003**

I. Monthly Payroll which runs from the first day to the last day of the month

Example 2

Date of employment	:	15 May 2012
30 th day of employment	:	13 June 2012
60 th day of employment	:	13 July 2012
Date of commencement of employer contribution	:	15 May 2012
Date of commencement of employee contribution	:	1 July 2012
Date of remittance of first employer/employee contribution	:	10 August 2012
Contribution periods covered by the first payment of employer's mandatory contribution	:	<p>1) 15 May 2012 – 31 May 2012 (with maximum relevant income level of \$20,000)</p> <p>AND</p> <p>2) 1 June 2012 – 30 June 2012 (with maximum relevant income level of \$25,000)</p> <p>AND</p> <p>3) 1 July 2012 – 31 July 2012 (with maximum relevant income level of \$25,000)</p>
Contribution period covered by the first payment of employee's mandatory contribution	:	1 July 2012 – 31 July 2012 (with minimum and maximum relevant income levels of \$6,500 and \$25,000 respectively)

**Illustrations: The Enrolment and Contribution Arrangements
for a Non-casual Employee Employed On or After 1 February 2003**

II. Monthly Payroll which runs from the 15th day of the month to the 14th day of the following month

Example 1

Date of employment	:	21 October 2011
30 th day of employment	:	19 November 2011
60 th day of employment	:	19 December 2011
Date of commencement of employer contribution	:	21 October 2011
Date of commencement of employee contribution	:	15 December 2011
Date of remittance of first employer/employee contribution	:	10 January 2012
Contribution periods covered by the first payment of employer's mandatory contribution	:	1) 21 October 2011 – 14 November 2011 (with maximum relevant income level of \$20,000) AND 2) 15 November 2011 – 14 December 2011 (with maximum relevant income level of \$20,000)
Contribution period covered by the first payment of employee's mandatory contribution	:	N/A
Date of remittance of second employer/employee contribution	:	10 February 2012
Contribution period covered by the second payment of employer's mandatory contribution	:	15 December 2011 – 14 January 2012 (with maximum relevant income level of \$20,000)
Contribution period covered by the second payment of employee's mandatory contribution	:	15 December 2011 – 14 January 2012 (with minimum and maximum relevant income levels of \$6,500 and \$20,000 respectively)

**Illustrations: The Enrolment and Contribution Arrangements
for a Non-casual Employee Employed On or After 1 February 2003**

II. Monthly Payroll which runs from the 15th day of the month to the 14th day of the following month

Example 2

Date of employment	:	21 May 2012
30 th day of employment	:	19 June 2012
60 th day of employment	:	19 July 2012
Date of commencement of employer contribution	:	21 May 2012
Date of commencement of employee contribution	:	15 July 2012
Deadline for remittance of first employer/employee contribution	:	10 August 2012
Contribution periods covered by the first payment of employer's mandatory contribution	:	1) 21 May 2012 – 14 June 2012 (with maximum relevant income level of \$20,000) AND 2) 15 June 2012 – 14 July 2012 (with maximum relevant income level of \$25,000)
Contribution period covered by the first payment of employee's mandatory contribution	:	N/A
Deadline for remittance of second employer/employee contribution	:	10 September 2012
Contribution period covered by the second payment of employer's mandatory contribution	:	15 July 2012 – 14 August 2012 (with maximum relevant income level of \$25,000)
Contribution period covered by the second payment of employee's mandatory contribution	:	15 July 2012 – 14 August 2012 (with minimum and maximum relevant income levels of \$6,500 and \$25,000 respectively)